

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2011-158-E - ORDER NO. 2012-648

AUGUST 30, 2012

IN RE:	Application Regarding the Acquisition of	)	ORDER IMPLEMENTING
	Progress Energy, Incorporated by Duke	)	PROGRESS RIDERS
	Energy Corporation and Merger of Progress	)	
	Energy Carolinas, Incorporated and Duke	)	
	Energy Carolinas, LLC	)	

This matter comes before the Public Service Commission of South Carolina (“the Commission”), on the submission of two Riders by Progress Energy Carolinas, Inc. (“PEC” or “the Company”), made pursuant to Order No. 2012-517, dated July 11, 2012. The riders are Merger Fuel Savings Rider MFS-2 and Merger Capacity Mitigation Rider MCM-2 (together, “the Riders”). According to the Company, these Riders will reduce rates paid by South Carolina retail customers to reflect benefits achieved with the merger of Progress Energy, Inc. and Duke Energy Corporation (“the merger”).

Merger Fuel Savings Rider MFS-2 establishes a decremental rate that will be effective for bills rendered on and after September 1, 2012, through June 30, 2013. Rider MFS-2 reflects projected fuel and fuel-related savings expected to be achieved following the close of the merger. The Company supplied a Verification supporting the rate calculation. According to the Office of Regulatory Staff (“ORS”), this decrement rider reflects approximately \$3.5 million in South Carolina retail fuel savings that are expected to be achieved through June 2013, as a result of the merger. ORS also notes that

subsequent merger-related fuel savings will be addressed in the Company's future fuel proceedings.

Merger Capacity Mitigation Rider MCM-2 establishes a decremental rider that will be effective for a thirty-five (35) month period for bills rendered on and after September 1, 2012, through July 31, 2015. The Rider results from market power mitigation interim wholesale sales and is calculated based upon the revenue requirement of generating facilities expected to be on the margin during the months and hours between July 1, 2012, and May 31, 2015. The Rider establishes a decremental rate that will be uniformly applied to all South Carolina retail sales and will not be subject to change during the thirty-five (35) month period. The Company has also furnished a Verification supporting this calculation. According to ORS, this decrement rider reflects a decrease of approximately \$2.3 million in South Carolina retail revenue requirements for market power mitigation sales. These sales are due to the Federal Energy Regulatory Commission's mitigation requirements resulting from the merger. This decrement rider is requested to remain unchanged during the thirty-five (35) months in which it is effective.

The Office of Regulatory Staff states that, after review, it has no objection to the Company's request to implement the two Riders.

This Commission has reviewed the materials submitted with the proposed riders, including, but not limited to, the verified calculations and other Company material, as well as the review submitted by ORS. Based on these materials, we approve the Riders as filed. They do represent substantial fuel savings and a major decrease in South

Carolina retail revenue requirements for market power mitigation sales. Rider MFS-2 shall be effective for bills rendered on or after September 1, 2012, through June 30, 2013. Rider MCM-2 shall be effective for bills rendered on or after September 1, 2012, through July 31, 2015. The Riders shall be filed using the Commission's E-Tariff filing system.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
David A. Wright, Chairman

ATTEST:

  
Randy Mitchell, Vice Chairman

(SEAL)